



June 27, 2001

Mr. Jeff Berg
Acting Director
Community Development Financial Institutions Fund
U.S. Department of Treasury
601 13th Street, NW
Suite 200 South
Washington, D.C. 20005

Dear Mr. Berg:

The Illinois Facilities Fund (IFF) is a statewide nonprofit community development financial institution providing below-market real estate loans and real estate development for nonprofit corporations serving low-income populations. The IFF submits the following comments in response to the CDFI Fund's Guidance on the New Markets Tax Credits (NMTC):

Question One: Priorities

Yes, the Fund should incorporate preference points into scoring. Yes, the Fund should make awards to applicants that meet these criteria before providing allocation to other applicants. Yes, an applicant should be allowed to receive preference points under both categories.

The NMTC statute includes alternative allocation priorities for CDEs with a track record of community development work and those that intend to take a minority interest in portfolio companies. The IFF believes that CDEs should have the alternative to obtain priority in one or both, in keeping with the statute. The final priority ranking should not include any relative ranking of one category over the other category.

The priority allocation should be weighted toward track record. CDEs should have the opportunity to obtain priority based on its record of investments in qualified low-income communities or similar community development investments. The priority allocation mechanism should not, however, preference equity over debt investments in qualified low-income communities.

Question Two: Annual Allocation Limits

The IFF does not believe that annual allocation limits are necessary in the distribution of the NMTC. However, the IFF believes that if there are allocations, they should be distributed across industry participants with no concentration in industry sectors. However, we are not in favor of a quota system to ensure industry-wide allocations.

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If the CDFI Fund chooses to include any limits on the annual allocation of NMTC, the IFF believes that such limits should be based on track record. An allocation limit should be up to 200% of the total investments for the previous five years of financing activity. Any allocation limit should not be less than 100% of total track record for the most recent five years of similar community development investments.

Question Three: Track Record and Impact Indicators

The IFF believes that evaluation should be based primarily on track record. The focus should be on the full "ripple effect" of investments and their impact on sustaining communities. The evaluation should have both a qualitative and a quantitative component, as challenging as it is to track both of these. The qualitative component should consider capturing the number of times the investment turns over in the local economy, through new spending, as well as increases in the quality of services and opportunities to area residents, whether ancillary needs of the business owner are met, and whether there are subsequent re-development or beautification efforts stimulated by the investment.

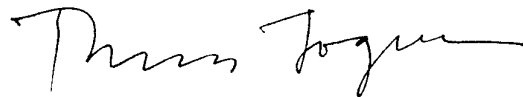
The quantitative analysis should document permanent jobs created; square feet improved or created; the increase in the appraised value of the property after the improvement; the number of new services added or the expansion of existing services after the physical improvements; and increases in the number of clients or customers served.

Underwriting must concern itself with the needs of the borrowers. There is significant evidence that concern about the needs of the borrowers makes community development investments successful. Including both a qualitative and a quantitative evaluation of a track record of community development is essential to capture the success a community development lender has had.

Rates of returns to investors should be effective at the minimum under the law. This will ensure that use of federal resources have the greatest possible impact.

Thank you for consideration of these comments. I hope that they will be integrated into the regulations that the CDFI Fund will issue for the distribution of NMTC. I am available to discuss any of these comments and can be reached at 312-629-0060.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Trinita Logue". The signature is fluid and cursive, with a long horizontal stroke at the end.

Trinita Logue
President